

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-09 FRB-01 INR-07 NEA-10 NSAE-00 OPIC-06

SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00

PA-02 USIA-15 PRS-01 STR-04 /101 W

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R 081204Z SEP 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 6587

INFO AMEMBASSY BERN

AMEMBASSY BONN

USEC BRUSSELS 2545

AMEMBASSY BRUSSELS UNN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY TOKHO POUCH

AMEMBASSY OSLO POUCH

UNCLAS SECTION 1 OF 2 VIENNA 7639

DEPT. PASS TREASURY, COMMERCE, FRB

E.O. 11652: N/A

TAGS: PFOR, EGEN, AU

SUBJECT: ALPBACH FORUM 1975: EUROPEANS EXPRESS DIVERGENT
VIEWS ON HOW TO DEAL WITH ECONOMIC PROBLEMS

REFS: VIENNA 7791, SEPT. 9, 1974, AND
VIENNA 7843, SEPT. 11, 1974

1. SUMMARY: THIS YEAR'S DISCUSSIONS AT ALPBACH SHOWED
SOMEWHAT LESS SKEPTICISM IN EUROPEAN PRIVATE BUSINESS
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AND BANKING SECTORS ABOUT PROSPECTS FOR INITIA-

TIVES TOWARDS HARMONIZATION OF POLICIES IN A EUROPEAN
MULTILATERAL CONTEXT. A SAMPLING OF OPINIONS INDICATED
A SHIFT IN PRIORITIES (IN THE PRIVATE SECTORS) FROM
QUESTION OF FIXED VS. STABLE EXCHANGE RATES TO CON-
CERNS ABOUT EMPLOYMENT AND RETURN TO DOMESTIC STA-
BILITY. ON THE EVE OF THE ANNUAL WORLD BANK/IMF
MEETING, EUROPEAN SPOKESMEN GENERALLY SEEMED TO
ACCEPT CONTINUATION OF FLOATING EXCHANGE RATES ALSO,
WITH NEW EFFORTS TO DEVELOP INTERNATIONAL DISCIPLINES
IN THE MONETARY SECTOR. NOT SURPRISINGLY THERE WAS
A WIDE RANGE OF OPINION ON HOW TO DEAL WITH UNEM-
PLOYMENT AND INFLATION. THERE WERE SOME COMPLAINTS
THAT THE US WAS NOT DOING ENOUGH TO DEAL WITH ITS
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ACTION EUR-12

INFO OCT-01 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-09

FRB-01 INR-07 IO-10 NEA-10 NSAE-00 OPIC-06 SP-02

TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01 ISO-00 STR-04

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AMEMBASSY BONN
USEC BRUSSELS 2546
AMEMBASSY BRUSSELS UNN
USMISSION GENEVA
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION OECD PARIS UNN
AMEMBASSY ROME
AMEMBASSY TOKYO POUCH
AMEMBASSY OSLO POUCH

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6. AUSTRIAN FINANCE MINISTER ANDROSCH CAUTIONED ABOUT EXCESSIVE USE OF WORD "CRISIS" AND OBSERVED (WITH AN EYE ON FORTHCOMING AUSTRIAN NATIONAL ELECTIONS) THAT PSYCHOLOGICAL FACTORS SHOULD BE CAREFULLY CONSIDERED IN DECIDING WHETHER OR NOT "CRISIS" WAS AN APPROPRIATE DESCRIPTION OF EVERY ASPECT OF CURRENT ECONOMIC SITUATION. ANDROSCH COVERED A WIDE RANGE OF INTERNATIONAL ISSUES, INCLUDING ENERGY AND INDEXATION, PRIORITIES VIS-A-VIS THE LDC'S AND CITEC SECRETARY KISSINGER'S STATEMENT (FROM SECRETARY'S MILWAUKEE SPEECH) ABOUT WORLD ECONOMIC INTERDEPENDENCE.

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7. PRESIDENT OF THE WEST GERMAN INDUSTRIES ASSOCIATION, AMERONGEN, DEMANDED THAT MEASURES CURRENTLY BEING TAKEN TO STIMULATE ECONOMIC ACTIVITIES SHOULD NOT LEAD TO PETRIFICATION OF EXISTING ECONOMIC STRUCTURES. AMERONGEN OPPOSED STEPPED-UP EXPORT PROMOTION MEASURES WHICH IN HIS VIEW WOULD RESULT IN DISTORTION OF MARKETS. AGNELLI OF THE FIAT CO. CONCLUDED THAT THE FUTURE OF ENTERPRISE LIES NOT ONLY IN THE BEST USE OF RESOURCES THROUGH MAXIMUM EFFICIENCY, BUT ALSO IN AN INNOVATIVE SOCIAL PROCESS; ENTERPRISE WILL REACH THESE GOALS IF, AND ONLY IF, GOVERNMENTS, TRADE UNIONS AND OTHER SOCIAL PARTIES REFUSE THE TEMPTATION OF HEGEMONY, AND REFRAIN FROM THE FREQUENT ENCROACHMENT ON ITS OWN MECHANISMS OF OPERATION, OR ITS DECISION-MAKING POLICIES.

8. COMMENT: AS LAST YEAR, IT WAS NECESSARY FOR THE US TO INJECT A NOTE OF CONFIDENCE AND REASSURANCE, CARRIED OUT AGAIN MOST ABLY BY DR. JONES. IT SHOWED

ONCE MORE THAT THE IMPULSES OF THE INTEREST IN
EUROPEAN ECONOMIC PROBLEMS ARE CONSIDERABLE AND
THAT THE EXPLANATION OF US POLICIES IN ALL ASPECTS
OF INTERNATIONAL ECONOMICS SERVES OUR INTERESTS IN
STIMULATING EUROPEAN RESPONSIVENESS TO OUR OBJECTIVES.
THE ALPBACH FOURM CONTINUES TO BE A GOOD VENUE FOR
THIS PURPOSE. MEEHAN

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